King County	Department of Adult and Juvenile Detention All Divisions General Policy Manual	
	Chapter 1 **Administration and Personnel Management**	
1.02.014 - Fiscal Policies, Procedures, Best Practices, Internal Controls and Audit Preparedness	Approved By:	Director Allen Nance
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	Reviewed By:	PRC, CFO
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Purpose
To institutionalize best practices for financial management processes that uphold responsible fiscal stewardship to the highest-level achievable within DAJD's financial and staffing resources, while also fostering stability and continuity throughout the Department.

Policy
DAJD's fiscal policy cannot supersede, but rather, provides guidance for effectively adhering to all applicable federal, state, and local laws and regulations, along with government accounting best practices, King County Code, policies, and procedures to support a continuously improving work environment and successful annual DAJD audits.

The Washington State Auditor's Office (SAO) Budgeting, Accounting, and Reporting System, (BARS Manual) prescribes accounting and reporting standards (RCW 43.09.230) for DAJD and all Washington local governments in accordance with RCW 43.09.200.

The State Auditor's Office is also responsible for the independent auditing of local governments. King County/DAJD is audited annually following the end of each fiscal year. The SAO's audit focuses on operations for the year that most recently ended. SAO auditor's review fiscal transactions and internal controls to ensure DAJD operations are prudent and in compliance with federal, state, and local laws, relevant regulations, King County Code and King County and DAJD's policies and procedures.

Washington State Auditor's Office BARS Manual

References

RCWs:	42.26
	43.09.185
	43.09.200
	43.09.230
King County Policies:	Comprehensive Financial Management Policies
DAJD Policies:	1.02.011 - Supplies, Purchasing and Procurement

A. Drafting FISCAL Policies and/or Procedures Guidance

Fiscal policies and procedures should:

1. Exist in written form.
2. Address relevant issues and risks in a concise fashion.
3. Be vetted by a supervisor and the Chief Financial Officer (CFO) or their designee.
4. Be expressed in a manner that is understandable to the intended audiences.
5. Be made available to all stakeholders and be published in more than one medium with multiple means of access.
6. Include a proper level of oversight and cite the supervisor's name and/or title.
7. Be monitored, reviewed routinely, and updated as needed in a systematic matter.
8. Describe appropriate separation of duties and internal controls – using names and/or titles, if appropriate.
9. Cite references to laws, regulations, other policies, procedures, best practices, etc. and provide a hyperlink to the document. This information is very helpful for users.

B. Budget Development and Management Guidance

1. The CFO will forecast revenues conservatively and in a consistent manner and will closely monitor revenues so responsive strategies can be deliberated and implemented timely, or alternatively, spending can be contracted or expanded as necessary.
2. The CFO and department leadership will apply Equity, Racial and Social Justice (ERSJ) strategies and values in the development of budgets, services, policies and guidelines, and management practices.
    a. Department leadership shall integrate analysis of equity impacts and measures into the department biennial business development, budget decision-making, management and reporting practices.
    b. Division leadership should prioritize reallocating base budgets to advance pro-equity, anti-racist, and anti-ableist goals. Reallocations are likely to be the primary funding source for new investments.
    c. Division leadership should work with the Equity, Inclusion, and Belonging (EIB) manager to include in their budget submittals a summary of how both the community and employees were engaged in the budget development process.
    d. The CFO will integrate analysis of equity impacts and measures into department business development, budget decision-making, management, and reporting practices.
    e. DAJD will endeavor to invest in ERSJ initiatives and training to the extent such funds are available in the budget.
3. The CFO and Budget and Fiscal Manager should make themselves available to support and assist DAJD division directors and managers with their budget process questions or appropriation concerns as needed.
4. Business plans and budgets should be pointedly aligned with achieving the community's, King County's and DAJD's Missions, Visions and Goals.
5. Budget balancing decisions should be weighed on prescribed criteria based on the community's, King County's and DAJD's Missions, Visions and Goals.
6. Budget vs. Actual reports should be provided to each DAJD division monthly by DAJD Finance. These reports should be shared with budget managers and spenders, as appropriate, throughout the organization. Any appropriation concerns should be communicated to the CFO in a timely manner.
7. Unanticipated and unfunded spending for capital projects or improvements, capital outlay and equipment, goods and services, and unfunded staff adds, such as TLT,

STT, and special duty positions should be conveyed to the CFO so budget impacts are included in yearend budget appropriation projections. This practice is necessary to ensure DAJD does not exceed its legal budget appropriation.

8. Biennial expenditure budget appropriations lapse in mid-January following the second year of a biennium. Appropriations cannot legally be "carried forward" into the subsequent biennium. Appropriation can only be "reappropriated" by the King County Council. Divisions should contact the CFO if they are at risk of having project appropriation lapse before their project is completed.

C. Grant Management Guidance

1. Grant managers and finance managers need to collaborate on budget appropriations, revenue projections, grant funded assets, sub-recipients, and the annual Schedule of Expenditures of Federal Awards (SEFA) reporting.
2. Grant managers must maintain financial records in accordance with both King County's and the grantor's billing and auditing requirements.
3. At year end, grant revenues must be accrued back into the correct fiscal year, which is determined by the date the revenue became a receivable (the date the associated expenditure was paid). Reach out to the CFO and Budget and Fiscal Manager in early January to book your grant accruals.

D. Asset Maintenance Guidance

1. DAJD assets should be used and maintained at a level that protects the County's/DAJD's capital investment and pushes out replacement costs, thereby maximizing the asset's useful life.
2. DAJD should create and maintain an equipment replacement and maintenance needs analysis so budget impacts are anticipated and can be planned for (budgeted) rather than having to absorb these unanticipated costs in DAJD's biennial budget appropriation.
3. King County's established capitalization threshold for machinery and equipment is $5,000. The Finance and Business Operations Division (FBOD) requires the asset to be tagged and a capital asset form be filled out and sent to their office for each asset acquisition. Contact FBOD or DAJD Finance if you have capital asset questions.
4. Each DAJD division is responsible for tracking their own small and attractive assets listing as prescribed in the SAO's BARS Manual.

E. Contract Management Guidance

1. DAJD should maintain a zero-based budget for professional services contracts to ensure budget appropriation is equal to or greater than the Department's contract liability.
2. Prospective unbudgeted contract liability should be monitored by the Finance section and conveyed to the CFO prior to binding DAJD in a contract. This includes agreements with King County Internal Service Funds like KCIT and FMD.

F. Continuous Training to Maintain Expert Subject Matter Knowledge Level Guidance

1. Fiscal trainings should be retaken as a refresher each biennium by employees who have P-cards and/or perform fiscal duties. Relevant fiscal trainings depend on individual employee's duties, but could include training related to fund accounting, accounts payable and P-cards, accounts receivable, financial reporting and report writing, procurement, bidding and contracts, grant management, treasury and cash handling, records management, inventory management, and asset tracking.

G. Financial Cost Allocations Guidance

1. Financial cost allocations should be analyzed by the CFO or their designee.

H. Procurement Guidance

1. See DAJD Policy 1.02.011 - Supplies, Purchasing and Procurement .